

## Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EUR-12 ISO-00 L-03 FRB-03

OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05

CIAE-00 COME-00 INR-07 IO-13 LAB-04 NSAE-00

EPG-02 SIL-01 STR-04 TRSE-00 CEA-01 EA-07 NEA-10

CU-02 /112 W

-----071636Z 100144 /43

P R 071451Z JUN 77

FM AMEMBASSY ACCRA

TO SECSTATE WASHDC PRIORITY 8426

INFO AMEMBASSY ABIDJAN

AMEMBASSY BRASILIA

AMEMBASSY LAGOS

AMEMBASSY LOME

AMEMBASSY LONDON

AMEMBASSY YAOUNDE

C O N F I D E N T I A L ACCRA 4306

LAGOS FOR AGATT

EO 11652: GDS

TAGS: EPAP, PINT, GH

SUBJ: COCOA PRICE INCREASE ANNOUNCED

REF: (A) 76 ACCRA 4706, (B) ACCRA 4062 (NOTAL)

1. BEGIN UNCLASSIFIED. ON JUNE 4 GOG HEAD OF STATE ACHEAMPONG ANNOUNCED RECORD PRICE INCREASE FOR GHANAIAAN COCOA FARMERS. SPEAKING IN CAPE COAST AT ANNUAL COCOA DAY DURBAR (CEREMONY), GENERAL ACHEAMPONG ANNOUNCED PRICE PAID TO FARMERS BY GOG BUYING AGENCY WOULD INCREASE FROM 22 CEDIS PER HEADLOAD OF 30 KILOGRAMS TO 30 CEDIS (ONE CEDI EQUALS 87 US CENTS AT OFFICIAL RATE OF EXCHANGE). THE 36 PERCENT INCREASE IS EFFECTIVE IMMEDIATELY. HE ALSO ANNOUNCED AN INCREASE IN COFFEE PRICES, FROM 25 CEDIS TO 35 CEDIS PER 30 KILO, BUT GHANA'S COFFEE PRODUCTION IS VERY SMALL.  
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2. HEAD OF STATE NOTED THAT SUBSIDIES ON INPUTS SUCH AS INSECTICIDES AND SPRAYERS WOULD BE CONTINUED AND THAT GOG COCOA MARKETING BOARD (CMB) WILL SET UP THREE COCOA PLANTATIONS, TO BE FIRST OF SEVERAL. THE VALUE OF CMB'S SCHOLARSHIPS, MOSTLY FOR FARMERS' CHILDREN, WILL BE RAISED FROM 180 CEDIS ANNUALLY TO 270 CEDIS. ACHEAMPONG SAID ABOUT

3,000 SECONDARY AND TECHNICAL STUDENTS RECEIVED THESE SCHOLARSHIPS LAST SCHOOL YEAR. END UNCLASSIFIED.

3. BEGIN CONFIDENTIAL. COMMENT: THE INCREASE SEEMS VERY GENEROUS, BUT IT WILL NOT ENABLE GHANA'S COCOA FARMERS TO KEEP UP WITH RISING PRICES. IN CY76 THE GOG-PUBLISHED NATIONAL CONSUMER PRICE INDEX ROSE 67 PERCENT. COCOA EXPERTS HAVE LONG ADVOCATED A POLICY OF HIGHER PRICES. THE SHARP DROP IN 1976-77 CROP AND INCREASING SMUGGLING TO NEIGHBORING COUNTRIES CERTAINLY INFLUENCED THE GOG DECISION. OBSERVERS IN COCOA TRADE HERE DO NOT BELIEVE THE INCREASE CAN REVERSE THE LONG TERM DECLINE IN THE COCOA INDUSTRY, HOWEVER.

4. GIVEN STABLE OR DECLINING WORLD MARKET PRICES, THE HIGHER PRICE TO FARMERS WILL REDUCE GOG COCOA REVENUES. THE NEW PRICE TO FARMERS IS STILL ONLY ABOUT 20 PERCENT OF WORLD MARKET PRICE.

5. FARMERS AT THE DURBAR SHOWED GENUINE ENTHUSIASM AT THE ANNOUNCEMENT OF PRICE INCREASE, BUT THEIR REACTION TO ACHEAMPONG HIMSELF WAS COOL. SECURITY FORCES, BOTH MILITARY AND PLAIN CLOTHESMEN, WERE MUCH IN EVIDENCE. DURING CEREMONIES MILITARY HELICOPTER DROPPED LEAFLETS WITH THE HEADLINE, "THE FARMERS SPEAK\*\*" FLYERS CONDEMN RECENT STUDENT DEMONSTRATIONS AND PLEDGE SUPPORT FOR SUPREME MILITARY COUNCIL AND PROPOSED UNION GOVERNMENT. ALTHOUGH PURPORTING TO VOICE FARMERS' VIEWS, LEAFLETS OBVIOUSLY OFFICIAL PRO-PAGANDA TO TURN AUDIENCE AGAINST STUDENTS AND RALLY SUPPORT FOR UNION GOVERNMENT. SMITH

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## Message Attributes

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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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